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**COMMISSIONERS**

JEFF HATCH-MILLER – Chairman  
WILLIAM A. MUNDELL  
MARC SPITZER  
MIKE GLEASON  
KRISTIN K. MAYES

Arizona Corporation Commission

**DOCKETED**

JUN 12 2006

DOCKETED BY

RB

**IN THE MATTER OF THE APPLICATION  
OF ARIZONA WATER COMPANY, AN  
ARIZONA CORPORATION, TO EXTEND ITS  
EXISTING CERTIFICATE OF  
CONVENIENCE AND NECESSITY AT CASA  
GRANDE, PINAL COUNTY, ARIZONA**

**DOCKET NO. W-01445A-03-0559**

**FILING OF DIRECT PRE-FILED  
TESTIMONY OF JIM POULOS**

Pursuant to the Procedural Order dated April 19, 2006, in this docket, Cornman Tweedy  
560, LLC, hereby files the Direct Pre-Filed Testimony of Jim Poulos.

RESPECTFULLY submitted this 12th day of June, 2006.

SNELL & WILMER

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ORIGINAL and thirteen (13) copies  
of the foregoing have been filed with  
Docket Control this 12th day of June, 2006.

A COPY of the foregoing was hand-  
delivered this 12th day of June, 2006, to:

Teena Wolfe, Administrative Law Judge  
Hearing Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007

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11 A COPY of the foregoing sent via e-mail and first  
12 class mail this 12th day of June, 2006, to:

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1                                **BEFORE THE ARIZONA CORPORATION COMMISSION**

2                                **COMMISSIONERS**

3                                JEFF HATCH-MILLER – Chairman  
4                                WILLIAM A. MUNDELL  
5                                MARC SPITZER  
6                                MIKE GLEASON  
7                                KRISTIN K. MAYES

8                                **IN THE MATTER OF THE APPLICATION**  
9                                **OF ARIZONA WATER COMPANY, AN**  
10                               **ARIZONA CORPORATION, TO EXTEND ITS**  
11                               **EXISTING CERTIFICATE OF**  
12                               **CONVENIENCE AND NECESSITY AT CASA**  
13                               **GRANDE, PINAL COUNTY, ARIZONA**

DOCKET NO. W-01445A-03-0559

14  
15                                **DIRECT TESTIMONY OF JIM POULOS**

16                                **ON BEHALF OF INTERVENOR**

17                                **CORNMAN TWEEDY 560, L.L.C.**

18  
19                                **JUNE 12, 2006**  
20  
21  
22  
23  
24  
25  
26  
27  
28

1 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND  
2 OCCUPATION.

3 A. My name is Jim Poulos. I am Vice President of Cornman Tweedy 560, LLC  
4 ("Cornman Tweedy"), the intervenor in this case. I am also an officer of various  
5 land acquisition companies, land development companies, construction companies,  
6 and public utilities owned or controlled by Edward J. Robson ("Robson"). My  
7 business address is 9532 East Riggs Road, Sun Lakes, Arizona 85248.  
8

9 Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL  
10 BACKGROUND.

11 A. I have an economics degree with an emphasis in accounting from Claremont  
12 McKenna College in Claremont, California. I am a certified public accountant. I  
13 have nearly 25 years' business experience, most of which has involved forming,  
14 certificating, permitting, constructing, operating and managing water and sewer  
15 companies in Arizona. I am the manager of the following public utilities owned or  
16 controlled by Robson: Ridgeview Utility Company, SaddleBrooke Utility  
17 Company, Picacho Water Company, Picacho Sewer Company, Lago del Oro Water  
18 Company, Santa Rosa Water Company, Santa Rosa Utility Company, Mountain  
19 Pass Utility Company, Pima Utility Company (water and sewer), and Quail Creek  
20 Water Company (collectively, the "Robson Utilities"). I have worked for Robson  
21 and his various companies including the Robson Utilities for over 22 years.  
22

23 Q. PLEASE DESCRIBE ROBSON'S BUSINESS?

24 A. Robson acquires, develops, and builds homes on real property in Arizona and  
25 Texas, and operates various businesses related to the acquisition and development  
26 of real property and the construction of homes. In addition, Robson owns or  
27 controls water and sewer companies which provide utility service to most of the  
28

1 master-planned communities developed by Robson, as well as other areas.

2 **Q. PLEASE IDENTIFY ROBSON'S MASTER-PLANNED COMMUNITIES.**

3  
4 A. Since 1972, Robson has developed, or is developing, the following age-restricted  
5 master planned communities: Sun Lakes, Sunbird, PebbleCreek, SaddleBrooke,  
6 SaddleBrooke Ranch, Quail Creek, Robson Ranch Arizona and Robson Ranch  
7 Texas. Cornman Tweedy, a Robson-owned company, owns approximately 2,344  
8 acres in Pinal County which is being held as an investment. This property is  
9 referred to in my testimony as EJR Ranch.

10 **Q. PLEASE DESCRIBE CORNMAN TWEEDY'S BUSINESS?**

11  
12 A. Cornman Tweedy was formed for the purpose of assembling by acquisition the real  
13 property that comprises EJR Ranch. EJR Ranch is depicted on the cadastral  
14 diagram attached to this testimony as Exhibit CT-1.

15 **Q. HOW IS CORNMAN TWEEDY AFFILIATED WITH ROBSON?**

16  
17 A. Cornman Tweedy is one of the entities that is owned or controlled by Robson.

18 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?**

19  
20 A. I am testifying on behalf of Cornman Tweedy.

21 **Q. ARE YOU AUTHORIZED TO TESTIFY ON BEHALF OF CORNMAN**  
22 **TWEEDY?**

23  
24 A. Yes.

25 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE ARIZONA**  
26 **CORPORATION COMMISSION?**

27  
28 A. Yes. I have testified as a witness for the various Robson Utilities in dozens of

1 proceedings at the Commission, and I have participated in numerous other  
2 proceedings at the Commission. My testimony before the Commission is a matter  
3 of public record.

4 **Q. HAS CORNMAN TWEEDY BEEN GRANTED INTERVENOR STATUS IN**  
5 **THIS CASE?**

6  
7 A. Yes. On May 19, 2005, Cornman Tweedy filed a request to intervene, and in a  
8 Procedural Order dated November 14, 2005, Cornman Tweedy was granted leave  
9 to intervene in this proceeding.

10 **Q. HAS CORNMAN TWEEDY'S PARTICIPATION IN THIS CASE BEEN**  
11 **LIMITED IN ANY WAY?**

12  
13 A. Yes. In the Procedural Order dated March 22, 2006, the scope of the hearing in  
14 this case was limited to "the circumstances and events that have resulted in Arizona  
15 Water not complying with the time periods established in Decision No. 66893."  
16 *Procedural Order (Mar. 22, 2006) at p. 6.* The March 22, 2006, Procedural Order  
17 further states that "[t]he hearing will not be a reopening of the Decision granting  
18 Arizona Water a CC&N and will not address whether a different utility should be  
19 providing service to the extension area." *Id.*

20 **Q. IS YOUR TESTIMONY IN THIS CASE LIMITED IN ACCORDANCE**  
21 **WITH THE MARCH 22, 2006 PROCEDURAL ORDER?**

22  
23 A. Yes.

24 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**  
25 **CASE?**

26  
27 A. The purpose of my direct testimony is to oppose the request of Arizona Water  
28 Company ("AWC") for an extension of the compliance deadlines attached to the

1 conditional certificate of convenience and necessity ("CC&N") authorized under  
2 Arizona Corporation Commission ("Commission") Decision 66893. The extension  
3 of the compliance deadlines is not appropriate in light of the changed  
4 circumstances that I will describe in my testimony.

5 **Q. WHAT WAS THE PURPOSE OF DECISION 66893?**

6  
7 A. In Decision 66893 issued April 6, 2004, the Commission conditionally approved  
8 the extension of AWC's CC&N to include approximately eleven square miles in  
9 Township 6 South, Range 7 East, G&SRB&M, in Pinal County, Arizona (the  
10 "Conditional Extension Area"). The Conditional Extension Area is depicted on the  
11 cadastral diagram attached to this testimony as Exhibit CT-1. In order for the  
12 CC&N for the Conditional Extension Area to become permanent, AWC was  
13 required to fulfill the following two conditions:

- 14
- 15 1. AWC shall file a copy of the developer's assured water supply for each  
16 respective development within 365 days of Decision 66893; and
  - 17 2. AWC shall file a main extension agreement associated with the extension  
18 area within 365 days of Decision 66893.

19 If AWC failed to fulfill these two conditions within one year of Decision 66893  
20 (*i.e.*, by April 6, 2005), then Decision 66893 was to be deemed null and void  
21 without further order of the Commission.

22  
23 **Q. DID ARIZONA WATER COMPANY FULFILL THE TWO CONDITIONS**  
24 **OF DECISION 66893 WITHIN THE ONE-YEAR DEADLINE?**

25 A. No. AWC failed to fulfill either condition of Decision 66893 within the one-year  
26 time period for compliance, and to this day (now more than two years after the date  
27 of Decision 66893), has not fulfilled the conditions. Instead, AWC filed a Request  
28

1 for Additional Time to Comply with Filing Requirement one week prior to the  
2 expiration of the deadline for compliance. That request is the subject of this  
3 hearing.

4 **Q. DOES CORNMAN TWEEDY OWN PROPERTY WITHIN THE**  
5 **CONDITIONAL EXTENSION AREA?**  
6

7 A. Yes. Cornman Tweedy currently owns approximately 2,344 acres in Pinal County.  
8 Of this 2,344 acres, approximately 1,138 acres are located in Sections 26, 27 and  
9 28, Township 6 South, Range 7 East, G&SRB&M, which is within the Conditional  
10 Extension Area (the 1,138 acres will be referred to in my testimony as the  
11 "Cornman Tweedy Property"). The legal description of the Cornman Tweedy  
12 Property is attached to this testimony as Exhibit CT-2. A cadastral diagram  
13 depicting the Cornman Tweedy Property is attached to this testimony as Exhibit  
14 CT-1. The Cornman Tweedy property is highlighted in pink on Exhibit CT-1.

15 **Q. DECISION 66893 REFERS TO A REQUEST FOR SERVICE FROM CORE**  
16 **GROUP CONSULTANTS, LTD., TO ARIZONA WATER COMPANY FOR**  
17 **WATER SERVICE TO APPROXIMATELY 240 ACRES IDENTIFIED AS**  
18 **FLORENCE COUNTRY ESTATES. WHAT IS THE RELATIONSHIP**  
19 **BETWEEN THIS 240 ACRES AND THE CORNMAN TWEEDY**  
20 **PROPERTY?**  
21

22 A. The 240 acres is included in the Cornman Tweedy Property. Core Group  
23 Consultants, Ltd., is an engineering firm which worked for the prior owners of the  
24 240 acres. Cornman Tweedy purchased the 240 acres as part of a 325.26-acre  
25 acquisition from Madison Diversified 882 Corp. and HWY 287-Florence  
26 Boulevard, Inc., on December 8, 2004.

27 **Q. IS CORNMAN TWEEDY AFFILIATED WITH CORE GROUP**  
28



1           **CONSULTANTS, LTD., MADISON DIVERSIFIED 882 CORP., OR HWY**  
2           **287-FLORENCE BOULEVARD, INC.?**

3           A.   No. Cornman Tweedy purchased 325.26 acres from Madison Diversified 882  
4           Corp. and HWY 287-Florence Boulevard, Inc. That is the only link between the  
5           entities.  
6

7           **Q.   DOES CORE GROUP CONSULTANTS LTD. DO ANY WORK FOR**  
8           **CORNMAN TWEEDY OR ANY ROBSON-AFFILIATED COMPANY?**

9           A.   No. I had not heard of Core Group Consultants Ltd. previously.  
10

11          **Q.   WHEN DID CORNMAN TWEEDY ACQUIRE THE BALANCE OF THE**  
12          **CORNMAN TWEEDY PROPERTY?**

13          A.   Cornman Tweedy purchased 1,854.61 acres from an assignee of the Dermer  
14          Family Trust on December 17, 2004. Of the 1,854.61 acres, approximately 649  
15          acres are located within the Conditional Extension Area. In addition, Cornman  
16          Tweedy purchased 164.25 acres from HCG Ventures II, LLC, on February 11,  
17          2005, which is located within the Conditional Extension Area. The 649 acres  
18          acquired from an assignee of the Dermer Family Trust, plus the 325.26 acres  
19          acquired from Madison Diversified 882 Corp. and HWY 287-Florence Boulevard,  
20          Inc., plus the 164.25 acres acquired from HCG Ventures II, LLC, comprise the  
21          approximately 1,138 acres which is the Cornman Tweedy Property, and which is  
22          located within the Conditional Extension Area, as identified on Exhibit CT-1.  
23

24          **Q.   DID CORNMAN TWEEDY OWN THE CORNMAN TWEEDY PROPERTY**  
25          **AT THE TIME ARIZONA WATER COMPANY FILED ITS**  
26          **APPLICATION IN DOCKET W-01445A-03-0559?**

27          A.   No. AWC filed its application for the extension on August 12, 2003, and Decision  
28

66893 was signed April 6, 2004. Cornman Tweedy acquired the Cornman Tweedy Property in three transactions on December 8, 2004, December 17, 2004, and February 11, 2005. Cornman Tweedy did not participate in this proceeding prior to its filing of a letter with Docket Control dated April 7, 2005. Cornman Tweedy first began negotiations for acquisition of the properties that now comprise the Cornman Tweedy Property in the Spring of 2004, and opened the first escrow on April 4, 2004, which was after the February 17, 2004, hearing in this case.

**Q. DOES CORNMAN TWEEDY OWN PROPERTY IN ADDITION TO THE CORNMAN TWEEDY PROPERTY?**

A. Yes. Cornman Tweedy owns approximately 1,206 additional acres in Sections 32, 33 and 34, Township 6 South, Range 7 East, G&SRB&M, immediately south of the Cornman Tweedy Property. Thus, Cornman Tweedy owns a total of approximately 2,344 acres which is referred to as EJR Ranch. EJR Ranch is outlined in blue on Exhibit CT-1.

**Q. WHAT DOES CORNMAN TWEEDY INTEND TO DO WITH THE CORNMAN TWEEDY PROPERTY?**

A. Cornman Tweedy's business plan for the Cornman Tweedy Property has changed 180 degrees since December 2004. Cornman Tweedy bought the Cornman Tweedy Property with the plan of developing the property in a hot real estate market, and Cornman Tweedy started the process of entitling the Cornman Tweedy Property. However, Cornman Tweedy did not anticipate the tremendous appreciation in the value of the Cornman Tweedy Property which occurred after the property was acquired. Because of the unexpected, tremendous appreciation in the value of the Cornman Tweedy Property, the tax implications associated with developing and selling the property dictated a change in the business plan from developing the property to holding the property as an investment. As a result,

1 Cornman Tweedy ceased further development activities, but allowed pending  
2 entitlement activities to continue. There are significant tax benefits to Robson in  
3 holding the Cornman Tweedy Property as a long-term investment in order to obtain  
4 capital gains treatment on Cornman Tweedy's income taxes. In addition, with  
5 home sales slowing, Robson decided to focus on Robson Ranch immediately to the  
6 south, which opened for sales in September 2005. Robson currently has  
7 approximately 24,000 lots which are being readied for sale, so the Cornman  
8 Tweedy Property is not needed for inventory. Due to these circumstances, there  
9 are no plans to develop the Cornman Tweedy Property in the near term. The  
10 Cornman Tweedy Property has been shelved.

11 **Q. DOES CORNMAN TWEEDY'S DECISION TO HOLD THE CORNMAN**  
12 **TWEEDY PROPERTY INSTEAD OF DEVELOPING THE PROPERTY**  
13 **CONSTITUTE A MATERIAL CHANGE IN CIRCUMSTANCES THAT**  
14 **AFFECTS THE COMMISSION'S DECISION TO APPROVE OR DENY**  
15 **ARIZONA WATER COMPANY'S REQUESTED EXTENSION OF THE**  
16 **COMPLIANCE DEADLINES UNDER DECISION 66893?**

17  
18 **A.** Yes. The Cornman Tweedy Property will not be developed in the near term.  
19 Although Core Group Consultants submitted a request for service to AWC for 240  
20 acres (on behalf of the prior owner of the 240 acres), there has never been a request  
21 for service on the remaining 898 acres of the Cornman Tweedy Property. In fact,  
22 the Dermer Family Trust docketed a letter dated April 21, 2004, stating that the due  
23 to the illness and death of Mr. John Dermer, a principal of the Dermer Family  
24 Trust, the Dermer Family Trust was not aware of AWC's application, did not  
25 receive notice of the application, and did not want the Dermer Family Trust's 649  
26 acres included in the Conditional Extension Area. A copy of the April 21, 2004,  
27 Dermer Family Trust letter is attached to this testimony as Exhibit CT-3. In  
28 addition, as stated above, Cornman Tweedy has since acquired the 240 acres which

1 were the subject of Core Group Consultant's request for service, and for the reasons  
2 I gave above, Cornman Tweedy does not need or request water service to the  
3 property.

4 Moreover, because development of the Cornman Tweedy Property stopped, there  
5 are no efforts underway to obtain a certificate of assured water supply for the  
6 property or to prepare subdivision plans for the property, which includes  
7 engineering a final plat, preparing paving and grading plans, and engineering the  
8 water and sewer utility infrastructure plans for the property (collectively, the  
9 "Subdivision Plans"). The Cornman Tweedy Property is being held as an  
10 investment with no plans for development at this time. Thus, it is premature for the  
11 Cornman Tweedy Property to be included in the CC&N of any utility provider.  
12

13 **Q. HAS CORNMAN TWEEDY OR ANY ENTITY RETAINED BY CORNMAN**  
14 **TWEEDY STARTED WORKING ON ENGINEERING PLANS FOR THE**  
15 **WATER INFRASTRUCTURE THAT WILL SERVE THE CORNMAN**  
16 **TWEEDY PROPERTY?**

17 **A.** No. Cornman Tweedy is holding the Cornman Tweedy Property as an investment,  
18 and has no plans to develop the property at this time. Neither Cornman Tweedy  
19 nor any entity retained by Cornman Tweedy is working on engineering design  
20 plans for the utility infrastructure. I would also note that without Subdivision  
21 Plans, which I have described above, it is impossible to engineer the utility  
22 infrastructure to serve the Cornman Tweedy Property. Cornman Tweedy is not  
23 preparing Subdivision Plans for the sale of lots on the Cornman Tweedy Property.  
24

25 **Q. CORE GROUP CONSULTANTS PREPARED ENGINEERING PLANS**  
26 **FOR WATER INFRASTRUCTURE TO SERVE FLORENCE COUNTRY**  
27 **ESTATES, WHICH COMPRISED 240 ACRES OF THE CORNMAN**  
28 **TWEEDY PROPERTY. WILL CORNMAN TWEEDY USE THE**

1                   **ENGINEERING PLANS PREPARED BY CORE GROUP CONSULTANTS?**

2           A.    No. Cornman Tweedy is holding the Cornman Tweedy Property as an investment.  
3                The ultimate developer of the Cornman Tweedy Property—whoever that may be—  
4                may or may not use the engineering plans prepared by Core Group Consultants,  
5                depending upon how the 240 acres is subdivided at the time of development. If  
6                Robson develops the Cornman Tweedy Property, it is highly unlikely that the Core  
7                Group Consultants plans would ever be used, because the 240 acres identified by  
8                Core Group Consultants as Florence Country Estates is a one-acre lot product and  
9                Robson has not previously developed a one-acre lot product, and because Robson  
10              prepares its own engineering plans for its developments.  
11

12          **Q.    HAS THE ARIZONA DEPARTMENT OF WATER RESOURCES ISSUED**  
13                **A CERTIFICATE OR CERTIFICATES OF ASSURED WATER SUPPLY**  
14                **FOR ANY PART OF THE CORNMAN TWEEDY PROPERTY?**

15          A.    No. Cornman Tweedy is holding the Cornman Tweedy Property as an investment.  
16                There are no efforts ongoing to develop the Cornman Tweedy Property, which  
17                means that Cornman Tweedy has not applied for a certificate of assured water  
18                supply for the property.  
19

20          **Q.    HAS CORNMAN TWEEDY OR ANY OTHER ENTITY FILED AN**  
21                **APPLICATION FOR A CERTIFICATE OF ASSURED WATER SUPPLY**  
22                **FOR ANY PART OF THE CORNMAN TWEEDY PROPERTY?**

23          A.    No. In order to carry out the capital gains tax strategy which I discussed above,  
24                Cornman Tweedy is not proceeding with new entitlements because it is an investor  
25                with regard to the Cornman Tweedy Property and not a developer. Further, there  
26                are unresolved development issues with the Cornman Tweedy Property that  
27                prevent the completion of a land plan for purposes of a certificate of assured water  
28

1 supply. Resolving these development issues would indicate that Cornman Tweedy  
2 is a developer and not an investor, which would contradict the change to the  
3 investment strategy.

4 **Q. HAS CORNMAN TWEEDY OR ANY AFFILIATED ENTITY APPLIED TO**  
5 **THE ARIZONA DEPARTMENT OF WATER RESOURCES FOR AN**  
6 **ANALYSIS OF ASSURED WATER SUPPLY FOR THE CORNMAN**  
7 **TWEEDY PROPERTY?**

8  
9 A. Yes. As part of the process of entitling EJR Ranch and Robson Ranch, Cornman  
10 Tweedy, Sun Lakes-Casa Grande Development, LLC, and several non-affiliated  
11 entities made application to the Arizona Department of Water Resources for an  
12 Analysis of Assured Water Supply. The analysis performed for Cornman Tweedy,  
13 Sun Lakes-Casa Grande Development, LLC and the several non-affiliated entities  
14 was conducted for property not only within the Conditional Extension Area but for  
15 property outside the Conditional Extension Area, as well as property outside EJR  
16 Ranch. An analysis of assured water supply secures the water for the property until  
17 it can be developed, which preserves the value of the real property investment. The  
18 application process for obtaining a certificate of assured water supply is a different  
19 process than the process of receiving an analysis of assured water supply. Neither  
20 Cornman Tweedy nor any Robson-affiliated entity within the Conditional  
21 Extension Area have commenced the process of obtaining a certificate of assured  
22 water supply for the Cornman Tweedy Property.

23 **Q. HAS CORNMAN TWEEDY REQUESTED THAT ARIZONA WATER**  
24 **COMPANY ENTER INTO A LINE EXTENSION AGREEMENT FOR THE**  
25 **CORNMAN TWEEDY PROPERTY?**

26  
27 A. No. As investors holding the Cornman Tweedy Property, Cornman Tweedy has no  
28 Subdivision Plans for the property which is prerequisite to a determination of pipe

1 sizes, locations and costs, which are essential elements of a line extension  
2 agreement as required in Arizona Administrative Code R14-2-406. It is  
3 premature—and in fact, not possible—to enter into a line extension agreement with  
4 any utility provider at this time.

5 **Q. SINCE CORNMAN TWEEDY ACQUIRED THE CORNMAN TWEEDY**  
6 **PROPERTY IN DECEMBER 2004 AND FEBRUARY 2005, HAS ARIZONA**  
7 **WATER COMPANY CONTACTED CORNMAN TWEEDY REGARDING**  
8 **(1) THE EXECUTION OF A LINE EXTENSION AGREEMENT OR (2)**  
9 **THE STATUS OF A CERTIFICATE OF ASSURED WATER SUPPLY FOR**  
10 **THE CORNMAN TWEEDY PROPERTY?**

11  
12 **A.** From the date that Cornman Tweedy acquired the Cornman Tweedy Property  
13 through March 30, 2005, the date that AWC requested an extension to comply with  
14 the conditions of Decision 66893, AWC did not contact Cornman Tweedy in any  
15 way about the development of the Cornman Tweedy Property, including  
16 negotiating main extension agreements and obtaining an assured water supply. It  
17 was not until Cornman Tweedy challenged the validity of AWC's CC&N to serve  
18 the Conditional Extension Area that AWC initiated any sort of correspondence  
19 with Cornman Tweedy. Even still, AWC contacted Cornman Tweedy for the first  
20 time about entering into a main extension agreement on June 7, 2006, and only  
21 then as a result of a response by Cornman Tweedy to an AWC data request.

22 **Q. DID ANYONE REPRESENTING ARIZONA WATER COMPANY EVER**  
23 **ASK ANY PERSON REPRESENTING CORNMAN TWEEDY WHETHER**  
24 **DEVELOPMENT OF THE CORNMAN TWEEDY PROPERTY WOULD**  
25 **BE DELAYED?**

26  
27 **A.** No.  
28

1 Q. DID ANYONE REPRESENTING CORNMAN TWEEDY OR ROBSON  
2 COMMUNITIES EVER TELL ANY PERSON REPRESENTING ARIZONA  
3 WATER COMPANY THAT DEVELOPMENT OF THE CORNMAN  
4 TWEEDY PROPERTY WOULD BE DELAYED?

5 A. No.

6  
7 Q. DID ANYONE REPRESENTING CORNMAN TWEEDY EVER ASK ANY  
8 PERSON REPRESENTING ARIZONA WATER COMPANY TO REQUEST  
9 AN EXTENSION OF THE DEADLINES CONTAINED IN DECISION  
10 66893?

11 A. No.

12  
13 Q. HAS CORNMAN TWEEDY REQUESTED WATER SERVICE FROM ANY  
14 PROVIDER OTHER THAN ARIZONA WATER COMPANY FOR THE  
15 CORNMAN TWEEDY PROPERTY?

16 A. Yes. Previously, Cornman Tweedy requested water service from Picacho Water  
17 Company in a letter dated April 7, 2005. Picacho Water Company has a CC&N to  
18 serve the land immediately south of the Conditional Extension Area. The Picacho  
19 Water Company CC&N is highlighted in green on Exhibit CT-1. However, as I  
20 have already testified, Cornman Tweedy changed its business plan from  
21 developing the Cornman Tweedy Property to holding the property as an  
22 investment. Cornman Tweedy has no plans to develop the Cornman Tweedy  
23 Property.

24  
25 Q. WHAT IS CORNMAN TWEEDY ASKING THE COMMISSION TO DO IN  
26 THIS PROCEEDING?

27 A. Cornman Tweedy requests that the Commission deny AWC's requested extension  
28



1 of the deadlines for compliance with Decision 66893 for any property where there  
2 is (i) no certificate of assured supply, (ii) no executed main extension agreement,  
3 and (iii) no request for service. Specifically, Cornman Tweedy requests that the  
4 Commission exclude the Cornman Tweedy Property from AWC's CC&N for the  
5 reasons that are stated in my testimony. The legal description for the Cornman  
6 Tweedy Property is attached as Exhibit CT-2 to my testimony, and a cadastral map  
7 depicting the Cornman Tweedy Property is attached as Exhibit CT-1.

8  
9 **Q. BY DENYING ARIZONA WATER COMPANY'S REQUESTED**  
10 **EXTENSION OF THE DEADLINES FOR COMPLIANCE WITH**  
11 **DECISION 66893, THE EFFECT WILL BE THAT ARIZONA WATER**  
12 **COMPANY'S CC&N COVERING THE CORNMAN TWEEDY PROPERTY**  
13 **BE NULL AND VOID. IS THIS A CONCERN FOR CORNMAN TWEEDY?**

14 **A.** No. Development of the Cornman Tweedy Property has been shelved. It is  
15 premature to consider line extension agreements and certificates of assured water  
16 supply until such time as the Cornman Tweedy Property is no longer held as an  
17 investment, and I do not know when that may be. Since there is no need for water  
18 service on the Cornman Tweedy Property, the nullification of AWC's CC&N for  
19 the Cornman Tweedy Property will not negatively impact the property.

20 **Q. HAS CORNMAN TWEEDY ATTEMPTED TO ACHIEVE A**  
21 **SETTLEMENT OF THIS CASE WITH AWC?**

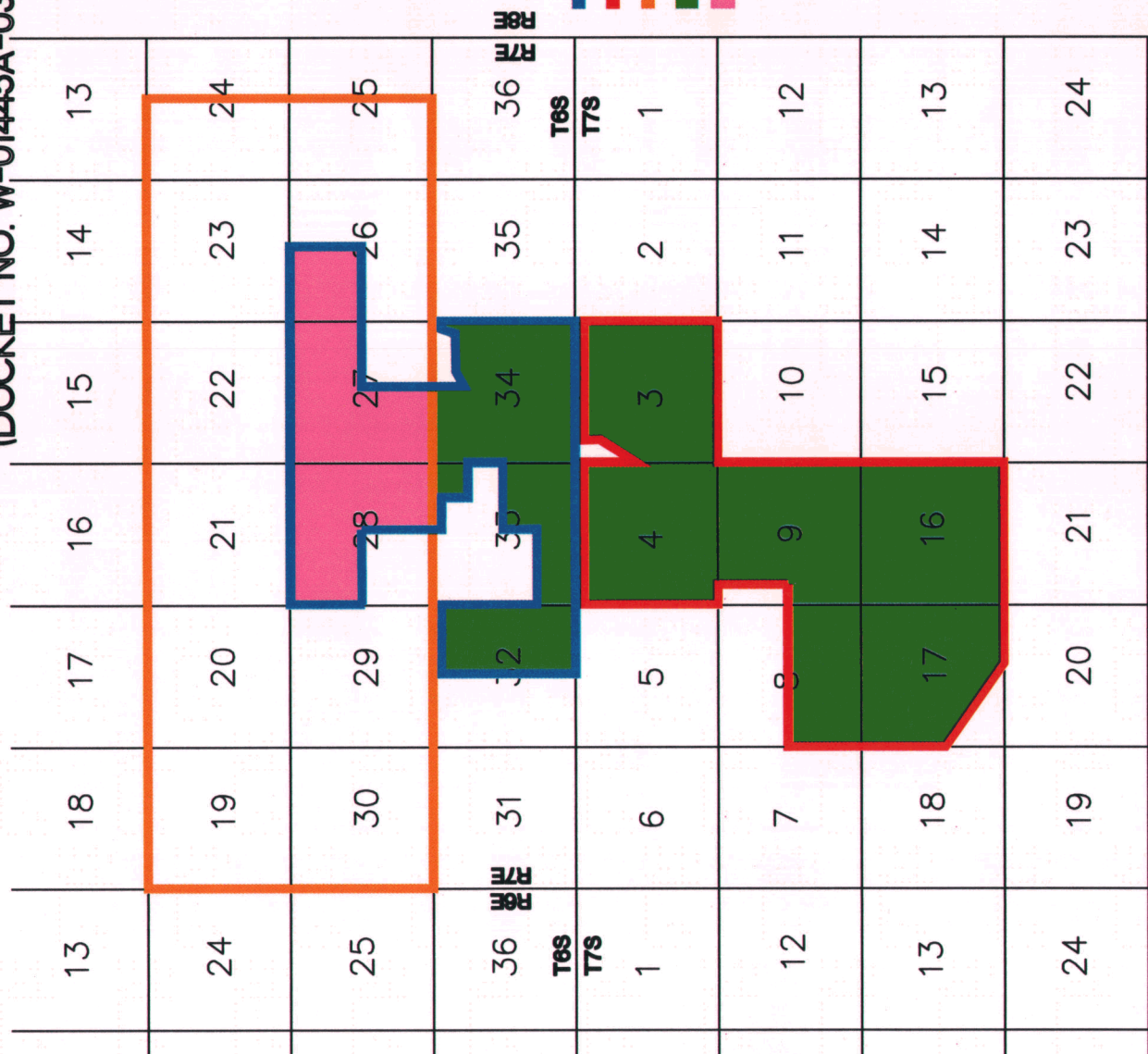
22  
23 **A.** Yes. Cornman Tweedy attempted to achieve a settlement with AWC, but AWC  
24 has not been willing to engage in meaningful settlement discussions.

25 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

26  
27 **A.** Yes, thank you.  
28

**CT-1**

ARIZONA WATER COMPANY CC&N EXTENSION  
(DOCKET NO. W-01445A-03-0559)



**CT-2**

Legal Description

April 11, 2005

Parcels of land located in Sections 26, 27 and 28, Township 6 South, Range 7 East, Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

PARCEL 1

Beginning at the North Quarter Corner of said Section 27;

THENCE along the North line of said Section 27, N89°45'14"E, a distance of 2,655.73 feet to the Northwest Corner of said Section 26;

THENCE along the North line of said Section 26, N89°50'59"E, a distance of 2,655.02 feet to the North Quarter Corner of said Section 26;

THENCE along the North-South Midsection Line of said Section 26, S00°17'26"W, a distance of 2,675.42 feet to the center of said Section 26;

THENCE along the East-West Midsection Line of said Section 26, N89°57'54"W, a distance of 2,654.88 feet to the West Quarter Corner of said Section 26;

THENCE along the East-West Midsection Line of said Section 27, S89°52'13"W, a distance of 2,657.09 feet to the Center of said Section 27;

THENCE along the North-South Midsection Line of said Section 27, N00°19'09"E, a distance of 2,661.46 feet to the POINT OF BEGINNING.

The above-described parcel contains 14,168,342 square feet or 325.26 acres, more or less.

PARCEL 2

Beginning at the South Quarter Corner of said Section 28;

THENCE along the North-South Midsection Line of said Section 28, N00°34'17"E, a distance of 2,663.48 feet to the Center Quarter Corner of said Section 28;

THENCE continuing along said North-South Midsection Line, N00°34'17"E, a distance of 2680.43 feet to the North Quarter Corner of said Section 28;

THENCE along the North line of said Section 28, S89°41'26"E, a distance of 2,647.59 feet to the Northwest Corner of said Section 27;

Legal Description

April 11, 2005

THENCE along the north line of said Section 27, N89°45'38"E, a distance of 2,653.73 feet to the North Quarter Corner of said Section 27;

THENCE along the North-South Midsection Line, S00°19'09"W, a distance of 2,661.46 feet to the Center Quarter Corner of said Section 27;

THENCE continuing along the North-South Midsection Line of said Section 27, S00°19'09"W, a distance of 2,661.61 feet to the South Quarter Corner of said Section 27;

THENCE along the south line of the southwest quarter of said Section 27, S89°59'00"W, a distance of 2,658.47 feet to the southwest corner of said Section 27;

THENCE along the south line of the southeast quarter of said Section 28, S89°38'30"W, a distance of 2,666.46 feet to the POINT OF BEGINNING.

The above-described parcel contains 28,281,191 square feet or 649.25 acres, more or less.

PARCEL 3

Beginning at the Center of said Section 28;

THENCE along the south line of the northwest quarter of said Section 28, S89°47'30"W, a distance of 2,665.39 feet to the west quarter corner of said Section;

THENCE along the west line of the northwest quarter of said Section, N00°55'27"E, a distance of 2,705.65 feet to the northwest corner of said Section;

THENCE along the north line of the northwest quarter of said Section, S89°40'08"E, a distance of 2,648.50 feet to the north quarter corner of said Section;

THENCE along the east line of the northwest quarter of said Section 28, S00°34'17"W, a distance of 2,680.43 feet to the POINT OF BEGINNING.

The above-described parcel contains 7,154,629 square feet or 164.25 acres, more or less.

The aggregate area of the above described three parcels is 49,604,162 square feet or 1,138.76 acres, more or less.



**CT-3**

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AZ CORP COMMISSION  
DOCUMENT CONTROL

April 21, 2004

Arizona Corporation Commission

DOCKETED

APR 22 2004

Arizona Corporation Commission  
Docket Control  
1200 West Washington Street  
Phoenix, Arizona 85007

DOCKETED BY



**RE: EXCEPTION TO THE ORDER in the Application of Arizona Water  
Company to Extend its Certificate of Convenience and Necessity  
in Casa Grande, Pinal County, Arizona**

**DOCKET No. W-01445A-03-0559**

Dear Sir or Madam:

The name, address and telephone number of the undersigned are as follows:

Dermer Family Trust  
c/o Timothy L. Dermer  
6446-75 East Trailridge Circle  
Mesa, Arizona 85215  
(480) 807-4010

The undersigned owns approximately 640 acres of real property located in Pinal County, Arizona, which are subject to the Application as hereinafter defined ("Dermer Property"). In connection with the foregoing, the undersigned respectfully takes exception to the Application of Arizona Water Company to Extend its Certificate of Convenience and Necessity in Casa Grande, Pinal County, Arizona ("Application") for the following reasons:

1. The undersigned has no record of receiving any notice of the Application;
2. Due to the recent illness and death of Mr. John H. Dermer, spouse of the Gloria B. Dermer and principal of the Dermer Family Trust, the undersigned was not aware of the Application filed with the Arizona Corporation Commission on August 12, 2003, nor was the



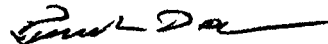
undersigned familiar with the ramifications and effect of the Application of the Dermer Property; and

3. The undersigned does not desire that the Dermer Property be subject to the extension of the Arizona Water Company Certificate of Convenience and Necessity as set forth in Arizona Corporation Commission Decision No. 66893.

The undersigned hereby respectfully submits this Exception to the Order and certifies that a copy has been mailed to Arizona Water Company at Post Office Box 29006, Phoenix, Arizona 85038

Sincerely,

Dermer Family Trust,  
created July 13, 1976



Timothy L. Dermer, Co-Trustee



Gloria B. Dermer, Co-Trustee

cc: Arizona Corporation Commission (hand delivered – 14)  
Marc Spitzer, Chairman (hand delivered – 1)  
Mike Gleason, Commissioner (hand delivered – 1)  
Steve Olea, Assistant Director (hand delivered – 1)  
Arizona Water Company (certified mail – 1)